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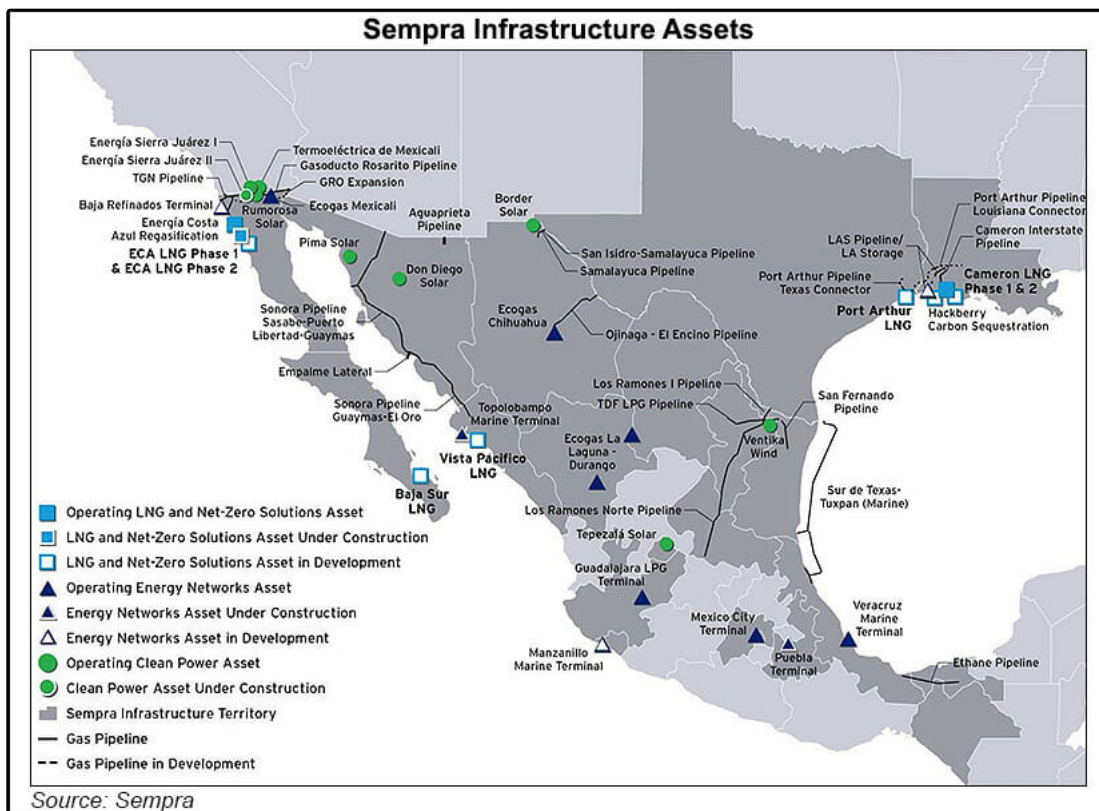
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## Offtaker Interest Heating Up for Mexico LNG Projects

BY JACOB DICK  
April 4, 2022

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Two liquefied natural gas (LNG) export projects planned for Mexico's Pacific Coast have reached significant milestones in recent days.



The projects comprise Semptra Infrastructure's Vista Pacífico LNG terminal planned for Topolobampo, Sinaloa, and Mexico Pacific Ltd.'s (MPL) liquefaction project envisioned for Puerto Libertad, Sonora.

Semptra Infrastructure and TotalEnergies SE are expanding their "strategic alliance" in North American energy with two agreements, one involving LNG exports and the other for offshore wind.

In the memoranda of understanding (MOU) announced Thursday, the San Diego-based unit and TotalEnergies outlined partnerships that intertwine their interests in gas exports and renewable energy.

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TotalEnergies could obtain around 1.3 million metric tons/year (mmt) of the terminal's planned 4 mmt capacity. The energy major could also take a minority equity stake in the project, as it has with other projects.

Sempra's Brian Lloyd, regional vice president, told NGI that becoming an equity partner and client for offtake at the terminal could be an important step as the project starts to gain momentum.



"There's a lot of interest in West Coast and Pacific Coast LNG, especially right now," Lloyd said. "So, you see a tremendous amount of interest from this project, as well as our other development projects."

Plans for Vista Pacifico were unveiled by Sempra last summer, joining its **Energia Costa Azul** (ECA) LNG project under construction in Baja California. Sempra has also floated the prospect that the project could help **bridge the gap** in natural gas supply to Baja California and Baja California Sur. In January, Sempra signed a nonbinding agreement with **Comisión Federal de Electricidad**, Mexico's state-owned electric company, regarding Vista Pacifico.

Sempra also secured an MOU to potentially acquire a 24% stake in TotalEnergies' interest in a **proposed offshore wind project** off Central California's Morro Bay. TotalEnergies announced last month it could participate in the upcoming auction with Castle Wind LLC later this year. There also is a framework for TotalEnergies to acquire 30% equity in several renewable and energy storage development projects that Sempra has targeted for northern Mexico.

TotalEnergies now partners with Sempra on the 12 mmt capacity **Cameron LNG** in Hackberry, LA, and Energia Costa Azul. It currently has a 16.6% stake in both ventures.

TotalEnergies CEO Patrick Pouyanné said strengthening the firm's partnership with Sempra also helps it capitalize on Sempra's growth as a "leading exporter of U.S. LNG" and the "pipeline" of solar and offshore wind projects currently under development.

Sempra's Lloyd told NGI the growing partnership with TotalEnergies also represents what the company was striving for when it reorganized and created Sempra Infrastructure in 2020, creating a division that could become "a North American energy infrastructure company."

Sempra currently has a pair of onshore wind farms in Baja California called Energía Sierra Juárez I and II that are also interconnected into California's power grid. It also has highlighted a 500 MW ion battery storage project and an additional wind farm along the Sierra de Juarez mountain range, both of which could be potential investment opportunities for TotalEnergies under the MOU and would be connected to the United States.

While Mexico currently imports around **90% of its imported gas** from the United States when excluding the gas demand of state oil company Petróleos Mexicanos, Lloyd said the country's use of **renewables to bridge gaps** in connectivity and demand is an example of how both countries will grow closer together in order to meet their needs during the energy transition.

"There's going to be growing energy integration between the two countries," Lloyd said. "It's going to be good for the economy of both countries and it's also going to be good for decarbonization."

## MPL Secures Binding Offtake

In related news, China's Guangzhou Development Group Inc. disclosed that it has signed a **binding offtake agreement** with MPL for the purchase of about 2 mmt of LNG. The gas would come from the Puerto Libertad terminal in the Permian Basin.

Shanda said MPL is “close to having enough binding offtake” to reach a final investment decision (FID) on the project’s first two trains, which would have a combined liquefaction capacity of 9.4 mmt.

MPL is aiming to reach FID by the end of the third quarter of this year.

Shanda said that a recent pledge from U.S. President Joe Biden **to accelerate LNG project approvals** in order to help wean the European Union off Russian gas “creates a great tailwind for us at the end of the day.”

He explained that it’s more efficient for LNG exports from the U.S. Gulf Coast to be shipped to Europe, “and so when that LNG is displaced from Asia and pointed toward Europe, we’re a great solution for that.”

As for reports that some Asian buyers have been switching back to coal and oil for power generation amid soaring natural gas prices, Shanda said MPL has not seen a dropoff in offtaker interest for the Sonora project.

Asian buyers like the fact that they can “access U.S. gas at a U.S. indexed price basis, and get it off the West Coast and delivered into Asia for a very competitive price.”

*Andrew Baker contributed to this story.*

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